

	Month (%)	Quarter (%)	FYTD (%)	1 Year (% p.a.)	3 Years (% p.a.)	5 Years Since Inception (% p.a.)	Since Inception (%p.a.)
Income Distribution	0.4	1.4	4.4	5.3	7.2	6.4	5.8
Capital Growth	1.9	8.3	-0.9	2.3	0.0	-1.4	0.4
Total Return	2.4	9.6	3.5	7.6	7.2	5.0	6.3
Franking Credits <sup>#</sup>	0.2	0.6	2.0	2.3	2.4	2.2	2.1
<b>Income Distribution including Franking Credits</b>	<b>0.6</b>	<b>2.0</b>	<b>6.4</b>	<b>7.6</b>	<b>9.6</b>	<b>8.6</b>	<b>7.9</b>
Benchmark Yield including Franking Credits*	0.0	2.0	5.1	6.4	6.3	6.2	6.1
<b>Excess Income to Benchmark<sup>#</sup></b>	<b>0.6</b>	<b>0.0</b>	<b>1.3</b>	<b>1.2</b>	<b>3.3</b>	<b>2.4</b>	<b>1.8</b>

\*Franking credits are an estimate as tax components will only be known with certainty at the end of the financial year. <sup>#</sup>Since inception: December 2005. Benchmark yield including franking credits is calculated as the difference between the return on S&P/ASX300 Franking Credit Adjusted Daily Total Return Index (Tax Exempt) and the return of the S&P/ASX300 Index. Past performance is not a reliable indicator of future performance.

## Overview

- Global equity markets were up strongly in April, with the S&P500 +3.9%, FTSE 100 +1.9%, Nikkei 225 +5.0% and Shanghai Composite -0.4%.
- The Australian market was also strong, finishing the month +2.5%, bringing the total return for the last 12 months to +10.3%.
- Consumer Staples (+7.3%), Consumer Discretionary (+5.5%) and Financials (+4.4%) sectors led the market higher, while Resources (-3.9%) and REITs (-2.3%) lagged.
- The market is currently trading close to its long-term average, with a FY20 P/E ratio of 15.5x and offering an attractive gross dividend yield of 5.8%, presenting many very good value opportunities available for investors with a longer-term time horizon.

## Perennial Value Shares for Income Trust

The objective of the Trust is to provide investors with an attractive level of tax effective income, paid via monthly distributions. The Trust aims to provide a gross distribution yield, adjusted for applicable franking credits, above that provided by the S&P/ASX300 Franking Credit Adjusted Daily Total Return Index (Tax-Exempt).

Portfolio Manager	Trust FUM	
Stephen Bruce	AUD \$30 million	
Distribution Frequency	Minimum Initial Investment	
Monthly	\$25,000	
Trust Inception Date	Fees	APIR Code
December 2005	0.92%	IOF0078AU

Portfolio Characteristics – FY20	Trust	Index
Price to Earnings (x)	14.2	15.5
Price to Free Cash Flow (x)	12.8	15.0
Gross Yield (%)	7.1	5.8
Price to NTA (x)	2.3	2.4

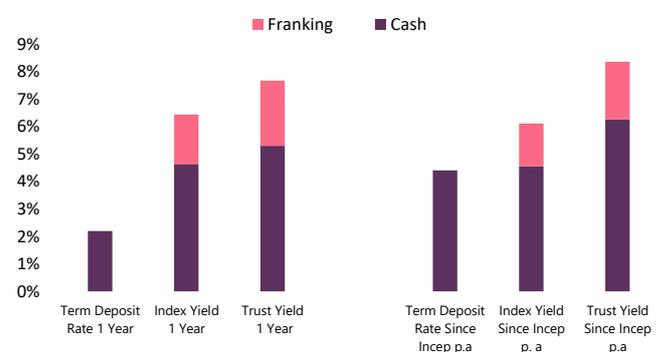
Source: Perennial Value Management. As at 30 April 2019

The above figures are forecasts only. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner.

### Franking Levels (%)

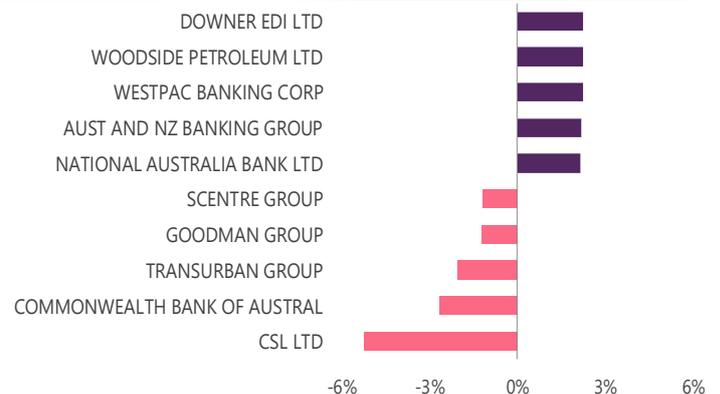
FY18	99.2	FY15	88.4
FY17	65.6	FY14	115.0
FY16	55.9	FY13	97.8

## Distribution Yield

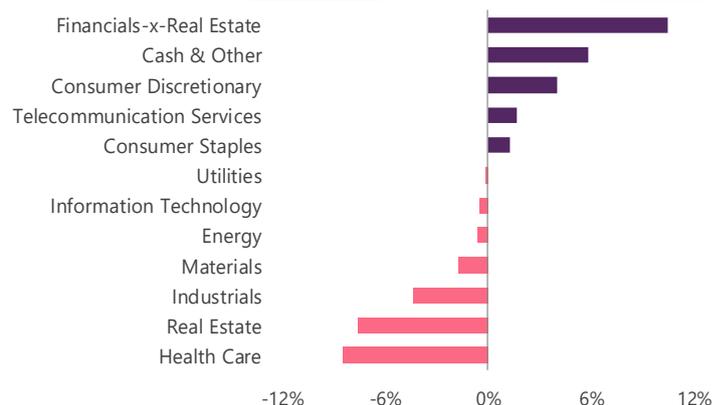


Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

## Top 5 Over / Underweight Positions vs Index



## Sector Active Exposure vs Index



## Trust Review

Global equity markets were stronger again in April. The Australian market consolidated the gains from the first quarter, finishing the month up 2.5%.

The Information Technology (+7.4%), Consumer Staples (+7.3%), Consumer Discretionary (+5.5%) and Financials (+4.4%) sectors led the way, while the Resources (-2.5%) and REIT (-2.3%) sectors lagged.

The Federal government budget was announced earlier in the year than usual due to the pending federal election. The budget announcement, together with the announcement of election commitments, provided a boost for companies exposed to the domestic economy. This saw both Coles (+6.4%) and Woolworths (+4.8%) perform well, with both having now reported slightly better than expected March quarter sales.

Gaming stocks also performed strongly, with Crown Resorts (+15.5%) rallying after it was reported that they were in discussions to be acquired by US operator, Wynn Resorts. Star Entertainment (+8.6%) also rose on speculation of broader industry corporate activity.

Other stocks which performed well included Seven Group (+11.3%) which upgraded earnings guidance on strong performance in the Westrac mining equipment business, Platinum Asset Management (+8.5%), Amcor (+5.3%), Macquarie Group (+4.1%) and the major banks, which rose by an average of +4.1%.

Stocks which detracted from performance included Flight Centre (-8.7%) which downgraded earnings due to weakness in its Australian leisure business, Event Hospitality (-3.8%) and Suncorp (-3.1%). The Trust was also impacted by not holding a number of expensive growth stocks such as Treasury Wines (+15.2%) and Cochlear (+8.1%).

## Trust Activity

During the month we took profits and reduced our positions in Amcor and sold out of Magellan Financial Group. At month end, stock numbers were 33 and cash was 5.8%.

## Market Review – Australia (%)

S&P/ASX300 Accumulation Index	+2.5
Energy	+1.5
Materials	-2.1
Industrials	+3.2
Consumer Discretionary	+5.5
Health Care	+3.1
Financials-x-Real Estate	+4.4
Real Estate	-2.3
Information Technology	+7.4
Telecommunication Services	+2.4
Utilities	-0.5

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## Distribution

In order to provide a regular income stream, the Trust pays monthly distributions. We will aim to pay equal cash distributions each month, based on our estimate of the income to be generated over the year. Franking credits and any realised capital gains will then be distributed, as per usual, with the June distribution. This aims to give investors more certainty over their income payments.

## Outlook

The market is currently trading close to its long-term average, with a FY20 P/E ratio of 15.5x and offering an attractive gross dividend yield of 5.8%.

Within the overall market, we are currently finding many good value, high-yielding investment opportunities. Across both the industrial and resources sectors, we are seeing many quality companies trading on attractive valuations which should deliver solid returns to investors from these levels.

By contrast, there remain large pockets of expensive growth and momentum style stocks which present significant de-rating risks if the lofty growth rates implied in their valuations are not able to be met. We do not hold these types of stocks as they do not meet our value criteria.

**The Trust continues to offer a higher forecast gross yield than the overall market and, as always, our focus will continue to be on investing in quality companies which are offering attractive valuations and have the ability to deliver high levels of franked dividend income to investors. Further, we believe the current very low interest rates highlight the relative attractiveness of financially-sound, high dividend yielding equities.**

## Global, Currency & Commodities (%)

S&P500	+3.9
Nikkei225	+5.0
FTSE100	+1.9
Shanghai Composite	-0.4
RBA Cash Rate	1.50
AUD / USD	-0.9
Iron Ore	+6.2
Oil	+6.4
Gold	-0.7
Copper	-1.3